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CAMERON PARISH WATERWORKS DISTRICT NO. 11
Grand Lake, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/4/10

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CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 11 (the District) presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- * The District's assets exceeded its liabilities by \$1,571,942 (net assets).
- * Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$1,206,237 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted for debt service of \$14,674.
 - (3) Unrestricted net assets of \$351,031 represent the portion available to maintain the District's continuing obligations to customers and creditors.
- * Total revenues of \$582,774 were short of total expenditures of \$652,289, which resulted in a current year loss of \$69,515, compared to the prior year's loss of \$130,203.
- * Total operating revenues increased by \$4,781 from the prior year and operating expenses decreased by \$44,811 from the prior year, mainly from decreases in contract labor, utilities and supplies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget to actual comparison.

FINANCIAL ANALYSIS OF THE DISTRICT

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net assets at fiscal year-end are \$1,571,942. The following table provides a summary of the District's net assets:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 398,907	\$ 401,310
Capital assets	2,641,178	2,731,054
Other assets	<u>24,143</u>	<u>25,186</u>
Total assets	3,064,228	3,157,550
Total liabilities	<u>1,492,286</u>	<u>1,516,093</u>
Net assets:		
Invested capital assets, net of debt	1,206,237	1,260,275
Unrestricted	351,031	381,162
Restricted	<u>14,674</u>	<u>20</u>
Total net assets	<u>\$ 1,571,942</u>	<u>\$ 1,641,457</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

Net assets of the District decreased by \$69,515 for the year ended December 31, 2009.

	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 462,466	\$ 457,685
Operating expenses	<u>652,289</u>	<u>697,100</u>
Operating income (loss)	(189,823)	(239,415)
Non-operating revenues (expenses)	<u>120,308</u>	<u>109,212</u>
Net increase (decrease) in net assets	<u>\$ (69,515)</u>	<u>\$ (130,203)</u>

The District's operating revenues are derived primarily from fees for water services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2009, was \$2,641,178. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2009</u>	<u>2008</u>
Non-depreciable asset:		
Land	\$ 10,000	\$ 10,000
Depreciable assets:		
Buildings	143,649	143,649
Distribution system	3,778,469	3,770,884
Furniture, Fixtures and equipment	<u>228,096</u>	<u>224,759</u>
Total depreciable assets	4,150,214	4,139,292
Less accumulated depreciation	<u>1,519,036</u>	<u>1,418,238</u>
Book value-depreciable assets	<u>2,631,178</u>	<u>2,721,054</u>
Percentage depreciated	<u>37%</u>	<u>34%</u>
Book value-all assets	<u>\$ 2,641,178</u>	<u>\$ 2,731,054</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

At December 31, 2009 the depreciable capital assets were 37% depreciated. This compares more than the December 31, 2008 percentage. This comparison indicates that the District replaced its assets at a lower rate than they are depreciating.

The major additions are:

- A vehicle
- Fencing at airport

Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$1,434,941. All of this amount is backed by the full faith and credit of the District (general obligation bonds) with debt service funded by operations.

During the year, the District retired \$35,838 of debt. See Note D for additional information regarding debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact James Cox, Manager, 111 Dennis Lane, Bell City, LA 70630.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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JULIA W. PORTUS, C.P.A.

INDEPENDENT AUDITORS' REPORT

May 14, 2010

Board of Commissioners
Cameron Parish Waterworks District No. 11
Grand Lake, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 11, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Cameron Parish Waterworks District No. 11's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cameron Parish Waterworks District No. 11 as of December 31, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

The Management's Discussion and Analysis and the supplemental information are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners
Cameron Parish Waterworks District No. 11
May 14, 2010
Page Two

In accordance with Government Auditing Standards, we have also issued our report dated May 14, 2010 on our consideration of Cameron Parish Waterworks District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Gragson Casiday & Guillory

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Net Assets

December 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash	\$ 251,155	\$ 249,820
Receivables		
Ad valorem taxes, net	79,317	96,727
Accounts, net	26,574	24,647
FEMA	4,195	5,083
Restricted assets		
Bond sinking fund		
Cash	10	10
Bond reserve fund		
Cash	7,332	5
Bond contingency fund		
Cash	7,332	5
Inventory, at cost	<u>22,992</u>	<u>25,013</u>
Total Current Assets	398,907	401,310
Property, plant and equipment		
Buildings	143,649	143,649
Distribution system	3,778,469	3,770,884
Furniture, fixtures and equipment	<u>228,096</u>	<u>224,759</u>
	4,150,214	4,139,292
Less accumulated depreciation	<u>1,519,036</u>	<u>1,418,238</u>
	2,631,178	2,721,054
Land	<u>10,000</u>	<u>10,000</u>
	2,641,178	2,731,054
Other assets		
Bond issuance costs, net	<u>24,143</u>	<u>25,186</u>
TOTAL ASSETS	<u>\$ 3,064,228</u>	<u>\$ 3,157,550</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses
and Changes in Net Assets

Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Charges for services	\$ 425,275	\$ 366,395
Fees and installation charges	36,169	42,026
Intergovernmental	-	47,389
Miscellaneous revenue	<u>1,022</u>	<u>1,875</u>
TOTAL OPERATING REVENUES	462,466	457,685
OPERATING EXPENSES		
Amortization	1,043	521
Auto	10,476	15,477
Contract labor	5,140	22,605
Depreciation	114,824	115,127
Dues	250	225
Equipment rental	12,290	12,294
Insurance - general	13,429	12,982
Insurance - health	40,991	34,823
Interest	61,641	58,635
Maintenance	43,967	48,349
Miscellaneous	666	635
Per diem	2,820	2,700
Postage	6,177	5,818
Printing and publishing	2,167	2,449
Professional fees	4,000	4,000
Retirement	20,176	20,840
Salaries	163,208	175,969
Supplies	94,943	102,009
Taxes and licenses	2,356	2,347
Telephone	8,866	9,264
Training	890	1,485
Utilities	<u>41,969</u>	<u>48,546</u>
TOTAL OPERATING EXPENSES	<u>652,289</u>	<u>697,100</u>
OPERATING INCOME (LOSS)	<u>(189,823)</u>	<u>(239,415)</u>

Continued

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses
and Changes in Net Assets - Continued

Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 79,335	\$ 97,394
Interest income	152	2,818
Hurricane related income, net	31,821	-
Rent income	<u>9,000</u>	<u>9,000</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>120,308</u>	<u>109,212</u>
CHANGE IN NET ASSETS	(69,515)	(130,203)
NET ASSETS - BEGINNING	<u>1,641,457</u>	<u>1,771,660</u>
NET ASSETS - ENDING	<u>\$ 1,571,942</u>	<u>\$ 1,641,457</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Cash Flows

Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers and others	\$ 460,539	\$ 457,768
Payments for supplies and expenses	(339,189)	(505,991)
Payments to employees for services	<u>(164,883)</u>	<u>(163,874)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	(43,533)	(212,097)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	79,335	97,394
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond issuance costs paid	-	(25,707)
Income – Hurricane Ike, net	31,821	-
Rental income	9,000	9,000
Purchase of fixed assets	(24,948)	(50,453)
Proceeds from debt borrowings	-	1,488,000
Payments on debt borrowings	<u>(35,838)</u>	<u>(1,191,551)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(19,965)	229,289
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>152</u>	<u>2,818</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,989	117,404
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>249,840</u>	<u>132,436</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 265,829</u>	<u>\$ 249,840</u>
 SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 61,722</u>	<u>\$ 117,303</u>

Continued

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Cash Flows - Continued

Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (189,823)	\$ (239,415)
Adjustments to reconcile operating income to net cash provided by operating activities		
Amortization	1,043	521
Depreciation	114,824	115,127
(Increase) decrease in		
Accounts receivable	(1,927)	83
Ad valorem taxes receivable	17,410	(18,442)
Inventory	2,021	3,352
Accounts receivable - FEMA	888	(5,083)
Increase (decrease) in		
Accounts payable	12,711	(21,760)
Accrued liabilities	(680)	(46,480)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (43,533)</u>	<u>\$ (212,097)</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Waterworks District No. 11 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Big Lake/Grand Lake/Sweetlake areas of the Parish. The District is governed by a board of commissioners composed of five members.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 11. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the District has elected to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses from enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2009, the District has \$265,651 in deposits (collected bank balances). These deposits are secured from risk by \$250,005 of federal deposit insurance and \$15,646 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

4. Accounts Receivable

Aging of Accounts Receivable, net, as of December 31, 2009 are as follows:

<u>0-30</u> <u>Days</u>	<u>31-60</u> <u>Days</u>	<u>61-90</u> <u>Days</u>	<u>over 90</u> <u>Days</u>	<u>Total</u>
\$ 26,574	\$ -	\$ -	\$ -	\$ 26,574

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2009 was \$18,236.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

6. Bond Issuance Costs

Bond issuance costs of \$25,707 were capitalized and are being amortized over the term of the original bond issue using the straight-line method. Amortization expense was \$1,043 for the year ended December 31, 2009.

7. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2009, the District had an accrual for compensated absences of \$10,864.

8. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$265,829 which represents unrestricted amounts of \$251,155 and restricted amounts of \$14,674.

9. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The budget was amended once during the year.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Net Assets

In the financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net or related debt".

11. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Subsequent Events

Management has evaluated subsequent events through May 14, 2010, the date the financial statements were available to be issued.

13. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2009, taxes of 4.49 mills were levied on property with taxable assessed valuations totaling \$18,265,907.

Total taxes levied were \$ 82,014

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Distribution system	40 years
Furniture, fixture and equipment	5-10 years

A summary of changes in property, plant and equipment for the year ended December 31, 2009 are as follows:

	<u>Beginning of Year</u>	<u>Net Additions</u>	<u>End of Year</u>
Buildings	\$ 143,649	\$ -	\$ 143,649
Distribution system	3,770,884	7,585	3,778,469
Equipment and furniture	224,759	3,337	228,096
Land	10,000	-	10,000
	<u>4,149,292</u>	<u>\$ 10,922</u>	<u>4,160,214</u>
Less accumulated depreciation	<u>1,418,238</u>		<u>1,519,036</u>
TOTALS	<u>\$ 2,731,054</u>		<u>\$ 2,641,178</u>

Depreciation expense was \$114,824 for the year ended December 31, 2009.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE D – LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2009.

Bonds payable, beginning	\$ 1,470,779
Bonds issued	-
Bonds retired	(35,838)
Bonds payable, ending	<u>\$ 1,434,941</u>

Bonds payable at December 31, 2009 is comprised of the following individual issue:

Revenue Bonds:

\$1,488,000 Revenue Bonds dated
June 20, 2008 due in monthly installments
of \$8,130 through January 20, 2033; interest
at 4.25% \$ 1,434,941

Less currently payable	(37,296)
Total long-term debt	<u>\$ 1,397,645</u>

The annual requirements to amortize all debts outstanding as of December 31, 2009 are as follows:

Year ending December 31,	Principal	Interest
2010	\$ 37,296	\$ 60,264
2011	38,912	58,648
2012	40,599	56,961
2013	42,358	55,202
2014	44,194	53,366
Thereafter	1,231,582	536,742

The revenue bonds are to be retired from revenues derived from the operations of the District.

NOTE E – COMPONENTS OF RESTRICTED NET ASSETS

	Revenue Bond Sinking	Revenue Bond Reserve	Revenue Bond Contingency	Totals
Cash	<u>\$ 10</u>	<u>\$ 7,332</u>	<u>\$ 7,332</u>	<u>\$ 14,674</u>

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE E – COMPONENTS OF RESTRICTED NET ASSETS - CONTINUED

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of net assets reserved for debt service is detailed as follows:

Restricted assets: revenue bond sinking, contingency and debt service funds	\$ 14,674
Less:	
Accrued interest, payable from restricted assets	-
Net assets reserved for debt service	<u>\$ 14,674</u>

NOTE F - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week, not participating in another public funded retirement system and under age fifty-five (55) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited services, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE F - RETIREMENT COMMITMENTS - CONTINUED

to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2009 totaled \$20,176.

NOTE G - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2009 were as follows:

Tim Fontenot, term expires December 2014	\$ 600
Jerry Gros, term expires April 2011	480
Jeffrey Jouett, term expires April 2011	480
Gerald Richard, term expires March 2011	600
Grace Robideaux, term expires October 2012	660
	<u>\$ 2,820</u>

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE I – JOINT SERVICE AGREEMENT

The District has entered into a joint service agreement with the Lake Charles Regional Airport for a term of twenty-five years to lease the land and water tower as part of the "Airport Well and Line Project". The agreement will become effective upon completion of the project. At the effective date of the agreement, the District will pay to the airport a fee of \$1 per month for each Calcasieu Parish customer, not to exceed \$500 per month. In addition, starting five years from the effective date, the District will pay \$48,000 per year for five years to the airport.

NOTE J – CONTINGENCIES

In September 2008 Hurricane Ike struck Southwest Louisiana causing damage to the District's property and its infrastructure. Through December 31, 2009, all Hurricane related expenses/costs have been paid and/or accounted for.

At December 31, 2009 the statement of revenues, expenses and charges in net assets is reporting Hurricane related income, net \$31,821 representing FEMA reimbursements of \$54,496 and hurricane related expenses of \$22,675.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE K – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of December 31, 2009 is as follows:

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$1,000,000 bodily injury and physical damage	September 15, 2010
Commercial general liability	\$1,000,000 per occurrence-bodily injury and physical damage	September 15, 2010
Commercial property	\$130,000 building & contents	March 1, 2010
Equipment	\$90,000, as listed	March 1, 2010
Surety bond	\$10,000	September 15, 2010
Errors & Omissions	\$10,000	September 15, 2010
Workers compensation	\$1,000,000	September 15, 2010

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2009

NOTE L – SCHEDULE OF RATES AND NUMBER OF CUSTOMERS

At December 31, 2009, the number of customers were as follows:

Residential - 1,566
Commercial - 63

The schedule of rates is as follows:

Standard rate	\$10.00, first 2,000 gallons \$2.50 per 1,000 gallons thereafter
Senior rate	\$5.00, first 2,000 gallons \$2.50 per 1,000 gallons thereafter
Calcasieu Parish	\$18.00, first 2,000 gallons \$2.50 per 1,000 gallons thereafter

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual

Year Ended December 31, 2009

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$ 522,500	\$ 422,500	\$ 425,275	\$ 2,775
Fees and installments charges	45,950	35,450	36,169	719
Intergovernmental	-	-	-	-
Miscellaneous revenue	500	500	1,022	522
TOTAL OPERATING REVENUES	568,950	458,450	462,466	4,016
OPERATING EXPENSES				
Amortization	-	-	1,043	(1,043)
Auto	15,000	11,500	10,476	1,024
Contract labor	10,000	6,000	5,140	860
Depreciation	92,000	109,000	114,824	(5,824)
Dues	225	225	250	(25)
Equipment rental	13,000	12,300	12,290	10
Insurance - general	13,200	15,086	13,429	1,657
Insurance - health	40,000	40,000	40,991	(991)
Interest	62,000	62,000	61,641	359
Maintenance	45,000	41,000	43,967	(2,967)
Miscellaneous	2,100	2,100	666	1,434
Per diem	3,600	3,600	2,820	780
Postage	5,500	5,500	6,177	(677)
Printing and publishing	2,800	2,800	2,167	633
Professional fees	4,000	4,000	4,000	-
Retirement	21,000	21,000	20,176	824
Salaries	167,000	167,000	163,208	3,792
Supplies	71,750	92,850	94,943	(2,093)
Taxes and licenses	2,400	2,400	2,356	44
Telephone	8,000	8,000	8,866	(866)
Training	-	-	890	(890)
Utilities	50,000	42,000	41,969	31
TOTAL OPERATING EXPENSES	628,575	648,361	652,289	(3,928)
OPERATING INCOME (LOSS)	(59,625)	(189,911)	(189,823)	88

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual - Continued

Year Ended December 31, 2009

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
NON-OPERATING REVENUES (EXPENSES)				
Ad valorem taxes	\$ 97,500	\$ 97,500	\$ 79,335	\$ (18,165)
Interest income	3,000	200	152	(48)
Hurricane related income, net	-	32,500	31,821	(679)
Rent income	9,000	9,000	9,000	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	109,500	139,200	120,308	(18,892)
CHANGE IN NET ASSETS	49,875	(50,711)	(69,515)	(18,804)
NET ASSETS - BEGINNING	1,641,457	1,641,457	1,641,457	-
NET ASSETS - ENDING	<u>\$ 1,691,332</u>	<u>\$ 1,590,746</u>	<u>\$ 1,571,942</u>	<u>\$ (18,804)</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

May 14, 2010

Board of Commissioners
Cameron Parish Waterworks District No. 11
Grand Lake, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 11, as of and for the year ended December 31, 2009, and have issued our report thereon dated May 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cameron Parish Waterworks District No. 11's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Cameron Parish Waterworks District No. 11
May 14, 2010
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance and other matters with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Gragson, Casiday & Guillory

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Schedule of Findings and Questioned Costs

Year Ended December 31, 2009

1. Summary of Auditors' Results:

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified? ☐ yes ☒ no
- Control deficiencies identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2009-01:

Compliance with Bond Issue's Sinking Fund Deposit Requirements:

Condition: The District failed to comply with the bond issue's sinking fund deposit requirements. For the first two years of the bonds, July 2008 thru June 2010, the District is to deposit a monthly sum equal to 1/12 of interest due on the first two payment dates. This is in addition to making the required monthly principal and interest payments on the bonds. At December 31, 2009 the sinking fund was under funded by \$15,834.

Criteria: Inadequate internal controls of compliance.

Effect: Violations of bond issue covenants of compliance.

Cause: Administrative lack of oversight

Recommendation: The District should take steps to become compliant.

Corrective Action Planned: The District agrees with the finding and will deposit sufficient monies into the sinking fund as required.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

None